

2024.11.25

2.2 Deputy P.F.C. Ozouf of the Minister for External Relations regarding the decision to reduce Government funding for Jersey Finance from 2025: (OQ.232/2024)

In relation to the decision to reduce Government funding for Jersey Finance from 2025, will the Minister explain the rationale behind the decision, state what projects will be impacted as a result, and explain what consideration he gave, if any, to the impact the funding reduction would have on economic growth?

Deputy I. J. Gorst of St. Mary, St. Ouen and St. Peter (The Minister for External Relations):

The Council of Ministers has proposed a range of measures to prioritise expenditure. This has included reductions in the budgets of Government departments as well as arm's-length organisations. In regards to grant reductions, I am not aware of any analysis being undertaken. I will, however, continue to work with Jersey Finance with regard to the work they undertake in 2025, primarily supporting the use of their reserves. I will also continue to explore other funding opportunities, particularly to ensure that they have sufficient resources to increase their presence in the U.S. (United States), where we are seeing significant levels of growth.

2.2.1 Deputy P.F.C. Ozouf:

Could I just clarify that there has been no analysis that the Minister is aware of about what would happen as a result of this cut? If I have understood it, it may not be a cut because they may be using their reserves. Perhaps he could just clarify that, please?

Deputy I.J. Gorst:

In relation to the second part of his question, that is correct. Not only am I supporting them in the use of their reserves, I would like to find additional money for them - I cannot tell him exactly where that will be at this point - in order to increase their footprint and the work that they do in the U.S.

2.2.2 Deputy H.L. Jeune of St. John, St. Lawrence and Trinity:

Following on from that, will the Minister ensure that the sustainable finance work that Jersey Finance implements will not be cut as part of the savings or part of the rearranging using reserves, so that they can continue to deliver Jersey for good?

Deputy I.J. Gorst:

The Deputy is probably aware that my Scrutiny Panel approached Jersey Finance for comment. I am not sure whether their letter is in the public domain but it is extensively quoted from in the report that it has done in regard to the Scrutiny review for the Budget. In there they say they are going to do everything in their power to mitigate any impact and their careful planning and focus will be on the most essential initiatives that will help them to navigate through that period. That would indicate to me that they do not intend to take the action that she has just requested they do not.

2.2.3 Deputy H.L. Jeune:

Can the Minister confirm that they believe their essential actions includes sustainable finance work and the work that has just been published with the support they will do for the Sustainable Finance Action Plan? Is that essential for Jersey Finance?

Deputy I.J. Gorst:

I think it is essential for Jersey. My understanding is that while they will do that prioritisation and I will work with them to give them the level of assurance that they need to use their reserves during 2025 - in the way that I have just said in answer to Deputy Ozouf - I will also be looking to see if

there are other funds that we can use to increase their work in the U.S. The Sustainable Finance Action Plan is a priority and it will be in 2025 and 2026. We know, of course, that in 2026 we will have the money coming in from the Pillar 2 tax take as well, which will enable greater support for the action plan that she has questioned in there.

2.2.4 Deputy I. Gardiner of St. Helier North:

I am sure that the Minister was aware of my question that I asked in written questions and followed up in the oral for the Chief Minister to produce a list of projects that were stopped or delayed as a result of reprioritisation of the Government. I have received a summary late Friday but it looks like External Relations is not applicable. Would the Minister advise what are the projects in his portfolio that were stopped or delayed due to reprioritisation?

[14:45]

The Deputy Bailiff:

Minister, it is rather outside the question that you have been asked.

Deputy I.J. Gorst:

Indeed it is. There are other pieces of work ... if the Deputy wishes to read the Scrutiny Panel review, I was questioned on that extensively when I appeared before them and it is included in there. There are 2 or 3 other elements of my portfolio that will either be being cut back and the work that we will be doing will not happen or they are being reprioritised. I have not seen the answer that the Deputy alludes to on Friday but I am more than happy to point her in the direction of the clear answers that I gave to the Scrutiny Panel on the matter.

2.2.5 Deputy I. Gardiner:

Absolutely. It was actually the answer from the Chief Minister putting all responses to Scrutiny together and somehow there was no response to Scrutiny from the Minister. But, going back to the question, for the workstream within the Financial Services, what are the projects that were stopped?

Deputy I.J. Gorst:

The projects within Financial Services are those in regard to the grant to Jersey Finance Limited, which is the subject of Deputy Ozouf's question.

2.2.6 Deputy M. Tadier of St. Brelade:

In response to my Scrutiny Panel's letter to Jersey Finance asking about how this reduction in their grant might affect them, they said: "If the reduction in grant is limited to one year, we are confident in our team's ability to plan carefully and manage. That is not to say that it will not have some impact, which is impossible to quantify at this stage." Given that statement, does the Minister agree with the panel's recommendation that he should closely monitor the financing of grants to Jersey Finance and that he should accept that next year they should be given a full grant based on this year's grant?

Deputy I.J. Gorst:

The officers in my department do closely monitor the grants given to Jersey Finance Limited. I have got to say, I am not always pleased with scrutiny of budget proposals in my department but having read their recommendation in this regard, I am more than fully supportive of it. As I remind the Chair of the panel, when I appeared before him, it was a compromise. I did not actually support the cut to this budget in the first place. The proposed cut initially was, rather than 1 million across the A.L.O.s (arm's-length organisation), 3 million. The Minister for Sustainable Economic Development and I made our case, we had this cut reduced. But I will do everything in my power, as I have already said in answer to the original questions, firstly to allow Jersey Finance to use their budget; secondly, to seek to find additional money so that it can do that important work, which will drive economic

growth, which is critical; and, thirdly, to make sure that when we come to allocate the competitive money from the Pillar 2 income that their budget is restored.

2.2.7 Deputy P.F.C. Ozouf:

I am grateful for the Minister's answer. I wonder whether he would conclude by answering absolutely clearly, for the avoidance of any doubt, that the challenges that the Government is facing, we as an Assembly are facing, in having challenging times, finding money for frontline services, the health service ... does he agree with me that rather than having a constant discussion about cutting the cake, he must lead the charge in delivering a message of growth and an appetite and a need for growth? There is a correlation between the money that this Assembly votes for Jersey Finance, the economic recovery and the money that this Assembly has. But it is a worrying message when you are effectively cutting the money for the Island's most important economic provider. Will he give a storming vote of confidence to the industry that otherwise might not understand?

Deputy I.J. Gorst:

I am not sure I need to, because the Deputy has just done so and I congratulate him on doing so.

Deputy P.F.C. Ozouf:

Not a Minister.**

Deputy I.J. Gorst:

Our economy, like many economies around western Europe, is facing a challenge of growing public services and an increasing cost of a health provision. If we look at the division of our current budget, we see that growing number going into health services. It is not affordable in the longer term unless we grow the economy. Whether Members like it or not, whether members of the public like it or not, the only game in town to grow our economy in such a way, that means we do not need to raise taxes, is through Financial Services. That is why I made the case, together with the Minister for Sustainable Economic Development, that these cuts, while balancing the budget in 2025 might seem sensible and reasonable, they were absolutely cutting off our nose to spite our face. They were absolutely short term and he and I will be completely aligned in making sure that the economic sectors of Jersey have growth, they have the promotional money that they need so that we can see a growing economy and we in this place do not have to make difficult decisions about increasing taxes because that is not what the public want, sir. **[Approbation]**